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P.L. 480 Concessional Sales and Food for Development Programs

Terms and Conditions, Planning and Implementation Procedures

P.L. 480 CONCESSIONAL SALES AND FOOD FOR DEVELOPMENT PROGRAMS: TERMS AND CONDITIONS, PLANNING AND IMPLEMENTATION PROCEDURES. By Lawrence D. Fuell, Export Credits, Foreign Agricultural Service, U.S. Department of Agriculture. Foreign Agricultural Economic Report No. 212.

Abstract

This report outlines the structure of the Public Law 480 (Food for Peace) program, and explains the program planning and implementation procedures involved in administering titles I (concessional sales agreements) and III (Food for Development) of the program. The report briefly describes the objectives, history, and structure of the program and the program planning process. The terms and conditions of sales agreements and Food for Development programs as well as the procedures for implementing both are also explained.

Keywords: Agriculture Trade Development and Assistance Act, Agriculture Exports, Concessional Sales, Food for Development, Food for Peace, Market Development, P.L. 480.

Washington, D.C. 20250

Preface

This report supersedes P.L. 480 Concessional Sales—History, Procedures, Negotiating and Implementing Agreements, Foreign Agricultural Economic Report No. 142, December 1977. Since the last report various changes enacted by Congress have affected the authority and requirements of the program. In addition to updating the explanation of implementation procedures, the discussion of operating procedures has been broadened and a new section which explains program planning procedures has been added.

This report is designed to assist officials in the United States and foreign countries carry out their responsibilities pertinent to the P.L. 480 program. It also outlines P.L. 480 provisions and procedures for private U.S exporters, and U.S. and foreign banks participating in the program. Finally, the report has been written for farmers, economists and other social scientists, and educators and students interested in the role of the P.L. 480 program in agricultural trade and global food programs.

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Program Objectives, Structure, and Planning

Program Objectives

In 1954, the 83rd Congress passed the Agricultural Trade Development and Assistance Act (Public Law 83-480), establishing the U.S. international food assistance program commonly referred to as the "P.L. 480" or "Food for Peace" program. Throughout its history, this program has served a variety of objectives. Summarized in the Preamble to the Act, as amended, those objectives are:

". . . to expand international trade; to develop and expand export markets for U.S. agricultural commodities; to use the abundant agricultural productivity of the United States to combat hunger and malnutrition, and to encourage economic development in the developing countries, with particular emphasis on assistance to those countries that are determined to improve their own agricultural production; and to promote in other ways the foreign policy of the United States."

Since the program's creation the emphasis has shifted in response to changes in the domestic and international environments in which the program must operate. Yet the three primary objectives—promoting agricultural trade, providing humanitarian relief and aiding the economic advancement of developing countries, and promoting U.S. foreign policy—remain central to the program's existence and operation.

To appreciate the importance of the P.L. 480 program's objectives, it might be helpful to recall the domestic and international situation when the program was created. Problems of supply-demand imbalance have plagued U.S. agriculture repeatedly since the early 1900's. During both World Wars, for example, the United States was the major source of food and fiber for many nations in Europe. Soon after both wars, foreign demand decreased as Europe's own agricultural productive capacity was restored. As a consequence, the prices received by U.S farmers for their commodities deteriorated sharply.

Beginning in the 1930's, Congress passed legislation aimed at improving agricultural commodity prices and supplies, including legislation that established price supports and restricted production through acreage set-asides. But except for brief respites during World War II and at the start of the Korean War, when governments stockpiled against possible shortages, surpluses continued to accumulate in U.S. Government inventories, at considerable taxpayer expense.

Concurrent with these agricultural trends, important political and economic trends contributed to the impetus for creating the P.L. 480 program. First, there was growing awareness after World War II, within the U.S. Government and the general public, that the U.S. economic prosperity was interdependent with that of other nations. U.S. farmers became aware that their highest income occurred when foreign demand for their products was greatest.

Second, at the end of World War II the United States emerged as the major economic power in the world. U.S leadership and willingness to assume a more active international role were demonstrated by such policies and programs as the Truman Doctrine and the Marshall Plan. Third, the acute shortage of foreign exchange in Europe and the developing countries limited their ability to buy goods from the United States. The potential demand was there for U.S. agricultural and other commodities, but not the financial means to purchase them.

It was in this context that the P.L. 480 program was created. The growing cost of stockpiling farm surpluses, a willingness to continue aid efforts to Europe and the developing countries begun with the Marshall Plan, and the lack of foreign exchange on the part of U.S. trade partners were all central to the establishment of the program.

At the time of the program's enactment, recipient countries paid for U.S. agricultural commodities with their own nonconvertible currencies. These currencies, owned by the United States, almost always stayed in the recipient country and were spent as the United States and the recipient country agreed. Thus, the United States saved foreign currency it otherwise would have needed to spend in the recipient country. Conversely, the recipient country saved foreign exchange which it could use to buy other needed imports.

As originally written, P.L. 480 authorized three types of commodity transfers: sales of commodities to be paid with the local currency of the recipient countries (title I), donations of commodities to meet famine and other extraordinary relief requirements (title II), and barter exchanges of commodities for strategic materials (title III). The bulk of transfers during the first years of operation were in the form of sales for local currencies.

Expanding U.S. agricultural trade was probably the chief impetus of the P.L. 480 program during the first 10 years of its operation. However, other interests also played an important role. By the late 1950's, for example, concern for the U.S. balance of payments position grew as the economies of West European countries regained their prewar strength. In 1958 alone, U.S. gold reserves declined by more than $2 billion. As a result, efforts were made to improve the U.S. balance of pay-

ments position, without weakening P.L. 480 program objectives.

Through the years, amendments to the law increased the possible uses of local currencies generated by P.L. 480 sales agreements. This reduced the need to purchase local currencies with dollars for conducting official U.S. government business. In addition, starting in 1959, recipient countries could purchase commodities on a dollar credit (DC) sales basis, with long-term repayment periods, rather than making immediate payments using local currencies. This authority was contained in a new title IV of the Act.

In 1966, an important turning point in the history of the P.L. 480 program was reached. By this time the huge surpluses that had marked U.S. agriculture in the 1950's and early 1960's had diminished. The problems of world hunger and economic advancement in the developing countries were subjects of increased discussion and debate inside as well as outside the government. In light of these and other trends, the Food for Peace Act was passed by Congress in 1966.

None of the original objectives of the P.L. 480 program was abandoned by this new legislation, but the intent of the Act concerning humantarian and development objectives in developing countries was strengthened. References to U.S. agricultural surpluses were deleted from the language of the Act, although commodity "availability" remained a prerequisite for P.L. 480 shipments. In addition, self-help provisions were required in each sales agreement. These provisions specified some of the ways in which the government in a recipient country could use the local currencies generated by the resale of P.L. 480 commodities.

The Food for Peace Act of 1966 also sought to improve the impact of the program of the U.S. balance of payments position. An amendment to the Act required that the President take steps to assure a progressive transition from sales for foreign currencies to dollar credit (DC) sales agreements. For those countries not capable of going directly to DC sales a new type of sales agreement—the convertible local currency credit (CLCC) sales agreement—was established. This type of agreement is essentially the same as a DC agreement, except that it offers more time for principal repayment (40 years instead of 20); a longer grace period to begin principle repayment (up to 10 years versus a maximum of 2 for DC sales agreement); and, at the option of the U.S. Government, payment in convertible currency of a third country. Both authorities—to enter in DC and CLCC sales agreements—were included in an amended title I of the Act.

A second turning point for the P.L. 480 program occurred during the early 1970's. In 1972 there was a worldwide reduction in grain production due to inclement weather and other production conditions. At the same time, new and unexpected commercial export demands were made on U.S. agricultural supplies, including large purchases of wheat and feed grains by the USSR. Instead of the large surpluses and low prices that plagued U.S agriculture two decades earlier, the situation in 1972-73 was one of drastically reduced reserves and sharply rising prices.

The result of these new conditions was reduced levels of commodities available for export through the P.L. 480 program. The volume of agricultural products exported under the P.L. 480 program fell to its lowest levels ever in fiscal years 1973 and 1974. Some developing countries found it necessary to enter regular commercial markets for food commodities, at a time when prices were at all-time highs due to limited supplies.

Added to the economic pressures created by the tight food situation, the Organization of Petroleum Exporting Countries (OPEC) quadrupled its prices for petroleum in 1973. Because oil and food are major imports of most developing countries, the economic situation of many of these countries worsened.

In this context of heightened national and international concern over the world food situation (the first World Food Conference was convened in Rome in 1974), further revisions were made in the P.L. 480 program to strengthen its humanitarian and development assistance features. The principal changes since 1975 include:

- At least 75 percent of title I assistance provided each fiscal year is to be allocated to those nations which meet the poverty criterion of the International Development Association of the International Bank for Reconstruction and Development (i.e., per capita national income), as a result of an amendment added to the Act by the International Development and Food Assistance Act of 1975, and further amended by the International Development and Food Assistance Act of 1977.
- A requirement that a minimum of 1.3 million metric tons of agricultural commodities be distributed through title II donations, with 1 million tons of that minimum to be distributed through private voluntary organizations (PVO's) and the World Food Program (WFP) of the United Nations (UN). This requirement was introduced in the International Development and Food Assistance Act of 1975. The 1977 International Development and

Food Assistance Act increased these levels to 1.6 million tons of title II donations, with 1.3 million tons to be distributed through PVO's, by 1980. In 1981 the minimal allocation of resources to be distributed through PVO's and the WFP was changed to 1.2 million tons, and included only that food used in regular nonemergency feeding programs.

- A Food for Development Program was added to title III of the Act of the International Development and Food Assistance Act of 1977. The provisions of this program permitted sales agreements under the authority of title I that would include (1) multiyear commitments of U.S. food aid to a country, (2) loan repayment forgiveness, and (3) a greater development assistance emphasis, especially in the areas of agricultural development.
- The Secretary of Agriculture was given the authority, by the Food and Agriculture Act of 1977, to determine that some part of the domestic supply of commodities be available under P.L. 480 in times of urgent need, even if U.S. supplies would not otherwise be available.

These and other revisions have strengthened the role of the P.L. 480 program for satisfying humanitarian food needs and encouraging long-term economic development in countries receiving P.L. 480 commodities. Furthermore, this has been accomplished without diminishing the importance of agricultural and foreign policy objectives in the program. The program continues to be a valuable tool for agricultural commodity supply management, as well as for building and maintaining overseas markets for U.S. agricultural exports. Similarly, the program continues to be a valuable tool for promoting the foreign policy interests of the United States.

Program Structure

The P.L. 480 program provides two types of commodity transfers: government-to-government concessional sales (title I) and donations or grants (title II). Title III of the Act, as amended, provides for the Food for Development program which, in conjunction with title I sales agreements, is designed to strengthen the impact of U.S. food aid on the "basic needs" of the rural poor in countries receiving such aid. Title IV contains several general provisions.

In terms of the value of commodities exported, title I sales agreements are the most important agricultural transfers made through the P.L. 480 program. Through fiscal year 1983, more than 70 percent of the value of all P.L. 480 transfers have been in the form of title I sales agreements. These sales are concessional—that is, on terms more favorable to the recipient country than the terms of normal commercial sales. In practice this means long-term repayments and low interest rates. Prior to 1972 most sales agreements were local currency (LC) sales agreements, payable immediately upon receipt of the commodities in the local currency of the recipient country. Currently, all sales agreements are either DC or CLCC sales agreements. Repayment is deferred, but made in dollars or, at the option of the U.S. Government, in convertible currencies of a third country.

The various terms and conditions, as well as the steps in the implementation of title I sales agreements, will be discussed in detail in the next two parts of this report. Briefly, the U.S. Department of Agriculture (USDA), through the Commodity Credit Corporation (CCC), finances the sale and export of agricultural commodities under title I sale agreements. The actual sales are made by private U.S. suppliers to foreign importers or to a foreign government agency in the recipient country. The commodities are then resold in the recipient countries, and local currencies proceeds are used by the government of the recipient country for purposes specified in the sales agreement (for example, to implement the self-help provisions of the sales agreement).

Title II transfers are grants or donations of agricultural commodities under the P.L. 480 program. Title II grants may be made on a government-to-government basis. Most title II grants, however, are made to and distributed by private voluntary organizations (PVO's) such as CARE (Cooperative for American Relief Everywhere) and CRS (Catholic Relief Services) or international organizations such as the World Food Program (WFP). Only PVO's registered with and approved by the Advisory Committee on Voluntary Foreign Aid may distribute commodities.

Title II food grants support regular ongoing programs, such as school feeding, maternal/child health programs, and food-for-work community development projects as well as emergency disaster relief activities. All commodities furnished under title II must be clearly identified as being furnished by the people of the United States.

Title III authorizes multiyear Food for Development programs for the purchase of a specific annual value of agricultural commodities by the recipient country, to be delivered over a period of 1 to 5 years. Commodities made available under title III are financed by CCC under the authority of title I. However, title III permits local currency proceeds utilized for development purposes specified in the Act to be credited against the dollar repayment obligation incurred by the title I sales agreements.

In return for these multiyear commitment and loan forgiveness provisions, the recipient country must under-

take development effort(s) which complement, but do not replace, other development assistance provided by the Agency for International Development (AID), other donors, or by the foreign government itself. The effort must be additional to what is currently underway, already committed by donors, or specifically included in the recipient country's own development budget.

Title III programs must support activities designed to increase the access of the poor to a growing and improving food supply, and to increase the well-being of the poor in rural sectors. These activities may include agricultural and rural development, nutrition programs, and other health services and population planning projects. Particular emphasis is placed on policies and associated programs that help small farmers and landless agricultural laborers by expanding their access to services and institutions at the local level, and by providing opportunities for the poor, who are dependent upon agriculture and agriculture-related activities, to better their lives through their own efforts.

Title IV of the Act covers the general provisions of the program. One provision requires the Secretary of Agriculture to determine commodity availability for shipment under the P.L. 480 program, taking into account productive capacity, domestic requirements, farm and consumer price levels, commercial exports, and adequate carryover requirements. As previously mentioned, in 1977 the Secretary was given the authority to waive this availability requirement if it is determined that some part of the U.S. supply should be used to carry out urgent humanitarian activities. Other general provisions will be discussed in the next part of this publication.

Three provisions of P.L. 480 are not being used at present. One is the authority in title I for USDA to enter into sales agreements with a private trade entity (PTE), rather than a government agency, in the recipient country. Private trade agreements specify precisely the use to which the commodity sales proceeds will be put, such as the construction of grain terminals or port facilities. This provision has not been used in recent years as U.S commodity supplies have become tighter, and because government-to-government requests have been considered more vital.

A second authorized but unused provision of the program is the barter authority granted to CCC contained in title III of the Act. According to that provision, CCC is authorized to exchange CCC-owned commodities for strategic materials or off-shore construction programs.

Finally, title IV includes provisions for a farmer-to-farmer assistance program. These provisions allow for contracts with land-grant colleges to recruit people to train farmers of developing countries, abroad or in the United States, and to conduct research in tropical and subtropical agriculture. Funds were authorized but never appropriated by Congress for this program. Consequently, it has never been implemented.

Program Planning

The P.L. 480 program budget operates by fiscal year (FY) which begins on October 1, and ends on September 30. For example, FY 1982 began on October 1, 1981, and ended on September 30, 1982. The process of planning the P.L. 480 program budget for a given fiscal year begins about 18 months in advance of that fiscal year.

Responsibilty for planning and implementing the P.L. 480 program is shared by several agencies of the U.S. Government. The principal agencies involved are USDA, the International Development Cooperation Agency and the Agency for International Development (IDCA/AID), the Department of State, the Office of Management and Budget (OMB), and the Department of the Treasury. Other agencies sometimes play a role depending on the issue under discussion, particularly during the negotiation of sales agreements with specific countries. Among these are the National Security Council (NSC) and the Department of Commerce.

The P.L. 480 program planning process consists of activities that occur before the start of the fiscal year. This process can be divided into three sequential parts:

1) formulation of the budget by the executive branch;
2) appropriation of funds by Congress;
3) determination of initial allocations just prior to the start of the fiscal year.

The timing of these activities is shown in figure 1. The entire process for a given fiscal year, sometimes referred to as a budget cycle, extends over some 30 months, divided into a prefiscal year process lasting 18 months and the actual fiscal year of 12 months. This means, for example, that the budget planning process for FY 1984 began in April 1982. A more detailed diagram of the budget planning process is provided in figure 2 and explained below.

1) Formulation of the Budget

Formulating the P.L. 480 budget begins in the spring (two removed from the start of fiscal year) with the establishment of a program planning level, or budget "mark," by OMB. This mark is based on Federal spending priorities established by the President, and pre-

Figure 1

Stages of the P.L. 480 Program Planning and Implementation Process

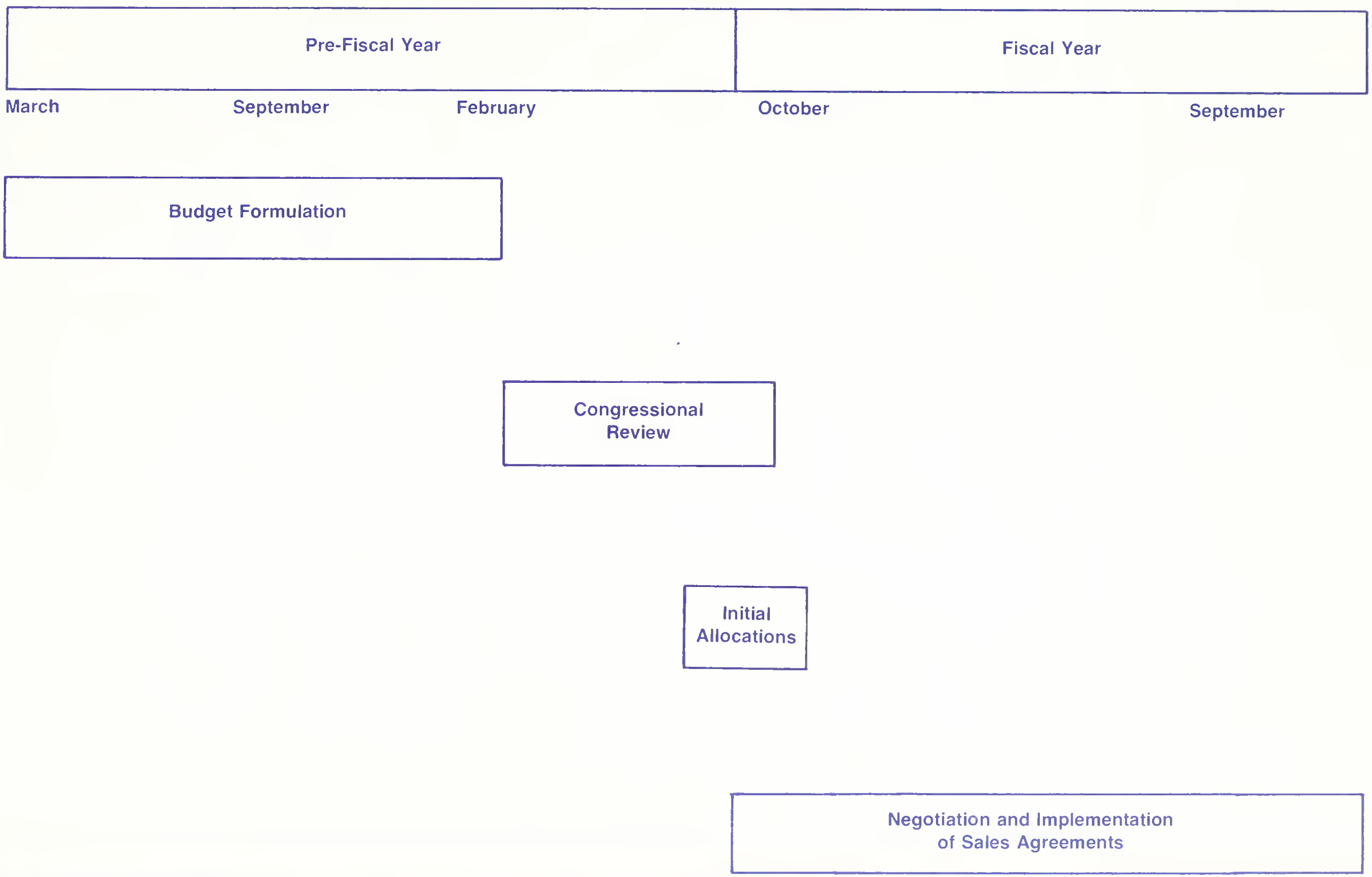
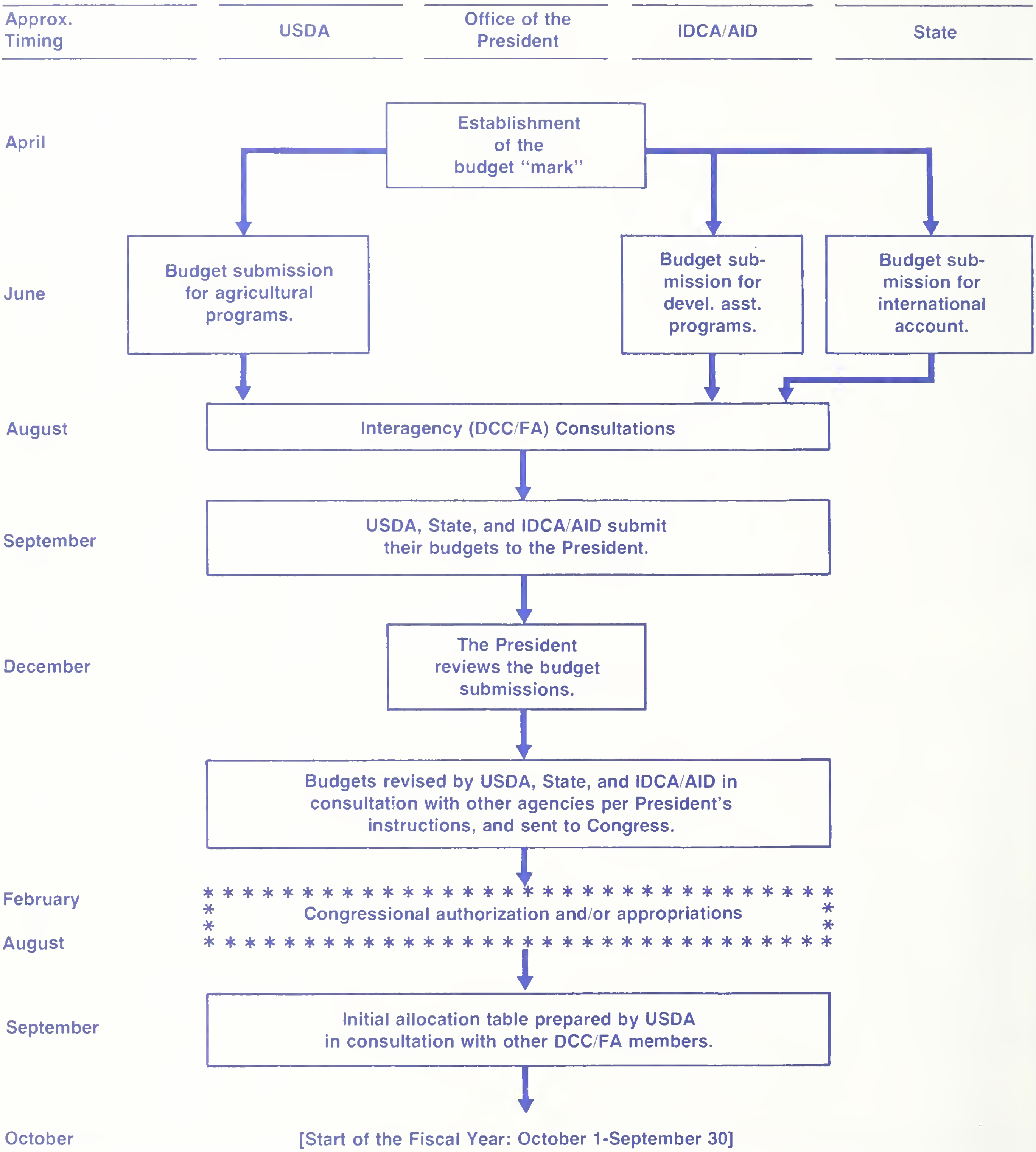


Figure 2

P.L. 480 Program Planning Process



liminary assessments by USDA of agricultural supply and demand conditions for the next 2 years. OMB informs USDA, IDCA/AID, and State of the budget mark for the P.L. 480 program which they will then use in preparing their budget submissions to the President.

The P.L. 480 program is nominally a part of USDA's budget and thereby contained in that department's budget submission to OMB.[1] However, both IDCA/AID and State also make recommendations concerning the distribution of P.L. 480 resources in the context of their responsibilities for all U.S. development assistance and total U.S. international activities, respectively.

USDA's budget submission focuses on two levels of the program: aggregate commodity volumes, and country-commodity allocations. At the aggregate commodity volume level USDA's principal concern is with determining the kind and quality of commodities to be made available for export under the P.L. 480 program. At the country-commodity level the focus is on determining the allocation of those commodities by country that will be most supportive of market development opportunities.

IDCA/AID and State prepare their recommendations concerning the P.L. 480 program in the context of preparing their budget submissions for total development assistance and other international activities. Embassy and AID missions overseas submit plans and recommendations for economic assistance programs and projects for particular countries during the fiscal year under review. These plans include estimated levels of P.L. 480 assistance needed, and recommendations for the uses of local currency proceeds generated by a P.L. 480 sales agreement.

During and after these intra-agency budget formulation exercises, interagency consultations occur involving USDA, State, IDCA/AID, OMB, and Treasury. Discussions may also occur at meetings of the Food Aid Subcommittee of the Development Coordinating Committee (DCC/FA), chaired by USDA.

In September (approximately 1 year prior to the start of the relevant fiscal year), USDA, State and IDCA/AID submit their budget recommendations to OMB for the President's review. Following this review, the recommendations are returned to the agencies for revision and resolution of differences. Revisions normally require another round of interagency discussions. Alternately, the heads of these agencies have the opportunity to meet with the President and his budget advisors directly to discuss the final form of the budget document. The budget is then submitted to Congress as part of the total Federal budget.

[1]Funds for operating the P.L. 480 program are provided in the annual agricultural appropriation.

2) Congressional Appropriations

In February, the President submits to Congress the proposed Federal budget for the fiscal year that begins on October 1. That part of the budget concerning the P.L. 480 program is sent to the appropriation committees in both the Senate and the House of Representatives. Funds for the program are appropriated each year. Program authorization has recently been extended on a 4-year basis. The most recent reauthorization of the P.L. 480 program was in the Agriculture and Food Act of 1981 (Public Law 97-98).

Besides the appropriations committees of Congress, three other committees have P.L. 480 oversight responsiblities. These are the Senate Agriculture, Nutrition and Forestry Committee, and the House of Representatives Agriculture Committee and Foreign Affairs Committee. The interest shown in the program by two substantively different committees in the House reflects the multiple purposes of the program, serving both domestic agriculture and international development and foreign policy interests.

3) Initial Allocations

At the start of each fiscal year USDA submits to Congress an initial allocation table listing recipient countries to which P.L. 480 Title I resources are expected to be allocated. This information is updated quarterly. The initial allocation table provides an opportunity to amend or confirm the tentative decisions made a year earlier.

In the intervening period, agricultural supply conditions will have become much clearer. In addition, other changes of a political or economic nature in the international system might have occurred that require program adjustments. Also, Congress may have legislated policy changes during its renewal of the program's authorization and/or appropriation that require adjustments to be made.

Terms and Conditions of Title I Sales Agreements And Title III Food for Development Programs

Many financial, commercial, development assistance, and other terms and conditions are considered before a title I sales agreement is signed between the United States and a food aid recipient country.

Title III Food for Development programs must further satisfy certain eligibility requirements, in addition to meeting the title I terms and conditions. Some of these terms, conditions, and eligibility requirements are required by law; others, by administrative or operational requirements.

Financial Terms and Conditions

The financial terms and conditions of each sales agreement are designed to benefit the recipient country as well as to protect U.S. domestic and foreign economic interests. The principal financial provisions concern:

- Type of credit offered
- Initial payment
- Currency use payment
- Exchange rates
- Ocean transportation differential

Types of Credit. Two types of credit are currrently used to finance title I sales agreements; dollar credit (DC) and convertible local currency credit (CLCC). The type of credit extended—DC or CLCC—depends partly on the external financial position of each recipient country.

DC sales agreements require payment of the principal and interest in U.S. dollars. The maximum period for repayment is 20 years, including a maximum allowable grace period of 2 years before the first principal payment is due. Both the credit period and the grace period start from the date of the last delivery in any given calendar year. Payments of principal are usually made in equal annual installments, with interest rates calculated on the unpaid balance.

Interest is also computed from the date of the last commodity delivery in each calendar year. Currently, minimum interest rates are 2 percent during the grace period (the initial interest rate) and 3 percent thereafter (the continuing interest rate). Within the limits of the maximum repayment period and minimum interest rate, the terms are as favorable to the United States as the economic situation of the recipient country will permit.

CLCC sales agreements call for payment in dollars but permit, at the option of the U.S. Government, payment in foreign currencies which can be converted into dollars. In practice, payments under CLCC sales agreements are what distinguish them from DC sales agreements. Currently, the maximum period for repayment is 40 years, with a grace period not to exceed 10 years.

As the DC sales agreements, a minimum interest rate of 2 percent applies during the grace period, and 3 percent applies during the remainder of the credit period. Unlike DC agreements, interest charges on CLCC agreements start from the date on which each disbursement of funds from the CCC is made. Depending on the external financial position of the recipient country, the terms may be less lenient than the maximum terms specified here.

Initial Payment. P.L. 480 requires that, whenever "practicable," not less than 5 percent of the purchase price of commodities sold under a title I sales agreement be payable in U.S. dollars or other convertible currencies upon delivery of the commodities. This requirement was instituted to aid the U.S. balance of payments position. The size of the initial payment (IP) usually depends on the financial condition of the recipient country, and those with the severest financial problems make no initial payment. Typically, the IP is paid by the importer, utilizing its own resources, when the commodities are delivered.

Currency Use Payment. After 1966, when sales for local currencies began to be phased out, the United States faced the possibility of no longer being able to acquire enough local currency in some currencies to meet its current obligations in those countries. Under long-term credit agreements, the United States does not acquire local currencies. The U.S. government, through the Treasury Department, must purchase local currencies using U.S. dollars, which has an adverse effect on the U.S. balance of payments. A partial remedy for this problem was enacted in 1966 when a currency use payment (CUP) provision was instituted. A CUP provides for a payment in the local currency by the government of the importing country after the commodities are delivered. The size of a CUP is established after consultation with the U.S. Treasury Department, and is specified in the sales agreement.

A CUP is treated as an advance payment of the earliest installments of principal and interest. In other words, dollar payment installments may be offset until their value equals that of the CUP. The amount of local currencies to be paid as a CUP are stated as a percentage of the total value of the CCC disbursement, after any initial payment made, not as a specific dollar value. CUPs are not needed—and therefore not included—in sales agreements with countries where the United States already holds more of the local currency than

will be needed in the next 2 years. Those countries are designated as "excess currency countries" by the Treasury Department. (Further discussion of local currencies is provided in appendix B.)

Exchange Rates. If foreign currencies are involved in a sales agreement, as when a CUP is included, current legislation requires that the United States receive rates of exchange "which are not less favorable than the highest of exchange rates legally obtainable in the respective countries, and which are not less favorable than the highest of exchange rates legally obtainable by any other nation."

Ocean Transportation Differential. The Cargo Preferance Act of 1954, as amended, requires that at least 50 percent of the quantity of all products exported under certain U.S Government programs, including P.L. 480 Title I concessional sales, be shipped on U.S. flag vessels if they are available at a fair and reasonable rate. Because freight rates on U.S. flag vessels exceed those of foreign flag vessels, the CCC reimburses importers for the additional cost of the freight for the tonnage carried in U.S. flag vessels. This payment is referred to as the "ocean freight differential." The cumulative cost of this differential to the program, through September 1981, was more than $1.4 billion.

Commercial Terms and Conditions

Safeguards have been built into the P.L. 480 program over the years to make sure the program does not reduce domestic food supplies to such low levels—especially during the periods of reduced production—where they contribute to higher food prices for U.S. consumers. Also, concessional export sales are not to replace commercial exports of the United States or other friendly countries. A number of provisions guard against these events. The principal ones concern:

- Commodity availability
- Usual marketing requirements
- Transshipments
- Exporting of similar commodities by recipient countries
- Third-country consultations
- U.S. "fair share" of future import increases by recipient countries
- Adequacy of storage and local disincentive effects of production
- Bidding requirements

Commodity Availability. To minimize any disruptive effects that the P.L. 480 program might have on U.S. domestic supply and commercial export needs, the availability of commodities for these other purposes must be satisfied before commodities can be exported through the program. Accordingly, the Secretary of Agriculture can determine the types and volumes of commodities available for export through the program, after taking into account U.S. productive capacity, domestic requirements, farm and consumer price levels, commercial export needs, and carryover requirements. Since 1977, the Secretary has had the authority to waiver the availability requirements to meet urgent humanitarian needs.

Usual Marketing Requirements. Title I sales agreements require recipient countries to continue their normal commercial imports of commodities included in an agreement. The specified quantity required to be imported commercially—referred to as a usual marketing requirement (UMR)—is typically based on actual commercial imports during the preceding 5 years, with possible adjustments according to import trends and the country's current financial ability to import. The UMR is usually defined globally; that is, import requirements are not expressed as imports from specific countries. An exception is made for some commodity groups (other than grain) where a clear history of commerical purchases from the United States may be required as part of an overall global UMR. Quarterly reports provide information on fulfillment of the UMR by the government of the recipient country.

Transshipments. Commodities cannot be imported by a recipient country on a concessional basis and then exported without specific U.S. approval. Otherwise, since the recipient country purchased the commodities on a less than commercial basis, it would be possible for that country to resell those commodities at competitive prices, and thereby disrupt the world market. Transshipment is also contrary to the principal of the "need for the commodity" in the recipient country.

Exporting Similar Commodities. The prohibition on transshipment is reinforced with limitations on the export of commodities considered to be the same as, or similar to, the commodities included in a particular agreement. Without such a requirement, a nation might import one commodity under P.L. 480, and substitute for it on the world market a commodity which it produces domestically and has traditionally consumed. Thus, corn is classified as being the same as, or like, grain sorghum; textiles made from cotton the same as, or like, cotton; and semolina products the same as, or like, wheat or wheat flour. Each title I agreement specifically defines the "same-or-like" commodities. Each

agreement also specifies an export limitation period, during which the "same-or-like" commodities cannot be exported by the recipient country without specific U.S. approval.

Third-Country Consultations. In order to ensure that commercial patterns and world prices will not be disrupted by concessional sales, the U.S Government, through the State Department, consults with friendly foreign nations that are historically either large exporters of the commodities involved or exporters of these same commodities to the recipient country with which the United States plans to enter into a title I agreement. These consultations permit friendly governments to comment on what effects, if any, future title I agreements might have on their exports. Other donor countries reciprocate this practice.

Fair Share. The law also requires that the President shall "take steps to ensure that the United States obtains a fair share of any increase in commercial purchases of agricultural commodities" by P.L. 480 recipient countries. This subject is discussed with the government of each recipient country at the time each sales agreement is negotiated.

Bellmon Determination. This provision, named after its sponsor—former Senator Bellmon of Oklahoma—was added to the program in 1977 to guard against the spoilage of P.L. 480 commodities due to lack of adequate storage facilities in the importing country, and the disruption of domestic markets in the importing country. The Bellmon Determination requires the Secretary of Agriculture to determine that such conditions do not exist before commodities are exported under P.L. 480.

Purchasing Requirements. Food commodity purchases must be made on the basis of bid offerings that are advertised, received, and opened in the United States. The Secretary of Agriculture must determine that open, competitive, and responsive bidding procedures are followed. In addition, any fees, commissions, or other compensation paid by suppliers to any agents or representatives of the importing country must be reported to the Secretary of Agriculture.

Development Assistance and Other Terms and Conditions

Over the years, many efforts have been made to improve the effectiveness of P.L. 480 food aid with respect to advancing humanitarian, development assistance, and other international interests and objectives. The principal provisions of the program directed toward those ends include requirements concerning:

- Overseas food needs
- Self-help requirements
- Assistance to friendly countrues and exclusion of unfriendly or aggressive countries
- Human rights

Meeting Food Needs Abroad. In furnishing food aid, priority is given to those countries that are most seriously affected by food shortages, and that are unable to meet their immediate food requirements through normal commercial purchases. At least 75 percent of title I allocations must be made to countries that meet the minimum per capita GNP criterion to be eligible for IDA fiancing (less that $796 for FY 1983 programming), and which are unable to meet their food needs through domestic production or commercial imports.

Self-Help Requirements. The term self-help refers to measures that countries undertake to help develop their own economies. The current law emphasizes self-help measures aimed at improving agricultural production, health care (particularly in rural areas), and literacy. Types of self-help measures identified in the Act include:

— Devoting land resources to the production of food, rather than to nonfood crops.

— Developing agricultural inputs and infrastructure, for example, fertilizers, machinery, and transportation systems.

— Training farmers in agricultural methods, and reducing illiteracy among the rural poor.

— Constructing storage facilities.

— Improving marketing and distribution systems.

— Creating a favorable environment for private enterprise and investment.

— Establishing and maintaining government policies to ensure adequate incentives to producers.

— Establishing or expanding institutions for agricultural research.

— Carrying out voluntary programs to control population growth.

— Implementing programs to improve the health of the rural poor.

— Allocating sufficient monetary resources for any of the above purposes.

The self-help measures contained in each sales agreement are described in specific and measurable terms, to the greatest extent possible. The President is required to monitor the implementation of self-help measures, and to establish that these measures are carried out fully.

Assistance to Friendly Countries and the Exclusion of Unfriendly or Aggressive Countries. P.L. 480, title I resources can be allocated only to countries that are friendly to the United States as determined by the Department of State. In additio;n, to be eligible for P.L. 480 food aid a country must have diplomatic relations with the United States. Countries or areas dominated or controlled by a foreign government or organization controlling a world Communist movement are ineligible for P.L. assistance.

Also, no concessional sales can be made to a country using military aggression against the United States or against other countries receiving aid from the United States.

Human Rights Provision. No title I agreement can be made with any country which engages in a consistent pattern of gross violation of internationlly recognized human rights, unless such an agreement will directly benefit the needy people in that country.

Aspects of other terms and conditions in the Foreign Assistance Act of 1961 also apply to P.L. 480 sales agreements. That Act prohibits foreign assistance to countries that engage in excessive military spending; countries in which U.S. private property has been expropriated without adequate compensation; and countries that fail to take adequate steps to control illicit production of and trafficking in dangerous drugs.

Title III Eligibility Requirements

Title I recipient countries that also participate in title III Food for Development programs must satisfy all of the terms and conditions applicable to title I agreements, plus the following additional eligibility requirements. Each recipient country must:

- Need external resources to improve its food production, marketing distribution, and storage systems.

- Meet the capita income criterion necessary to qualify for development loans from the International Development Association of the International Bank for Reconstruction and Development. In 1982 this was a maximum of $730.

- Be able to utilize effectively the resources made available by the resale of the food commodities.

- Indicate a willingness to take steps to improve its food production, marketing, distribution, and storage systems.

Another important eligibility requirement, sometimes referred to as the "additionality requirement," is that title III assistance must complement, but not replace, development resources already planned by AID, other donors, or the foreign government itself.

Two types of reports are required of countries that participate in title III programs. The first is a multiyear proposal describing the size and nature of the Food for Development program the foreign government proposes to undertake. The proposal must include the value or amount of commodities to be financed, as well as a plan for the intended annual uses of those commodities, or the funds generated by the local resale of those commodities. The second report is an annual report on the activities and progress under the program.

For countries that qualify as "relatively least-developed countries," the President may waive the requirements for project additionality and documentation. Such waivers are permissable if the President determines that such requirements cannot be met by a given recipient country, and yet title III assistance is needed to meet important humanitarian or development objectives. Any such waivers, along with justifications, must be reported annually by the President to Congress.

Development and Implementation Of Title I Sales Agreements and Title III Food for Development Programs

This section discusses the procedures that are followed in developing and implementing title I sales agreements, and title III Food for Development programs, with individual recipient countries.

Program Development

Each title I sale agreement, and each title III program, goes through a program development process, during which the provisions discussed above are formulated or reviewed, and transformed into a set of negotiating instructions. These instructions are then sent to the U.S. Ambassador in the recipient country who negotiates the food aid agreement on behalf of the U.S. Government.

A title I sales agreement is usually initiated by a request from the government of the recipient country to the U.S. Embassy in that country. The foreign government's request, and the recommendations of the embassy concerning that request, are forwarded to Washington where all appropriate agencies are notified of its receipt.

Regional coordinators in USDA's Foreign Agricultural Service (FAS) coordinate the preparation of the negotiated instructions. Those instructions establish the terms and conditions of each proposed sales agreement, including the commodity content, financial terms, UMR, IP, and CUP provisions (if operative), and the self-help measures.

Once the various parts of the instructions have been assembled, they are presented to an interagency working group for review and approval. All of the provisions and requirements applicable to the program (discussed earlier in this report) are reviewed by the working group, which may insist on modifications before giving its approval. Once the working group approves the instructions, the National Advisory Committee on International Monetary and Financial Policies (NAC) is notified, and its views are sought. Simultaneously, the State Department conducts third-country consultations on proposed program levels and UMR's.

When a title I sales agreement includes a title III Food for Development program, additional activities occur. The first is the preparation of the multiyear Food for Development program proposal by the government of the recipient country. Technical assistance in preparing this proposal can be provided, if requested, by USDA and AID. The proposal is submitted by the foreign government to the U.S. Embassy for review and approval. The embassy then forwards the proposal to Washington where AID and USDA share responsibility for coordinating the interagency review of the proposal. The proposal must be submitted to the interagency working group for approval.

Implementation of Title I Sales Agreements

The exact procedures followed in implementing P.L. 480 sales agreements may vary depending on the circumstances of each sales agreement. The following describes the usual sequence of events in implementing a P.L. 480 title I sales agreement. These procedures also apply to title I sales agreements that include title III Food for Development programs. Additional procedures to determine eligibility for title III loan repayment forgiveness are discussed separately.

Numbered paragraphs in the following description correspond to the numbers in figure 3.

1. Signing the Agreement. The first step in the implementation of a title I sales agreement is the negotiation of the agreement between the U.S government and the government of the importing country. The terms and conditions of that agreement are negotiated, followed by the signing of the agreement by representatives of the United States and the recipient country.

2. Purchase Authorization. The government of the importing country applies (usually through its embassy in the United States) to FAS for authorization to purchase agricultural commodities. A purchase authorization (PA) is issued by FAS to the importing country. The PA is a document specifying (a) the particular grade or type of commodity to be purchased; (b) the approximate quantity; (c) the maximum dollar amount to be spent; (d) the period during which contracts between importers and U.S. exporters may be entered into; (e) the percentages of each sales agreement which will be financed by the CCC; and (f) the period of time during which deliveries must be made.

A PA is more specific than a sales agreement. Thus, a sales agreement may merely stipulate that the imported commodity will be "rice," while the PA would be more specific, such as "milled rice in bags, U.S. No. 5 or better, containing not more than 20 percent broken kernels except that the milled rice shall be well milled or reasonably well milled." Each PA has a number which must appear on all further documents concerning the transactions under the PA. The PA also indicates the conditions under which CCC financing may be made available for authorized ocean transportation costs.

PA's can be issued for either a part or the total amount—or for just one of the commodities specified in a particular sales agreement. PA's may be withheld if a re-

view of the program indicates that the importing country is not abiding by the terms of the agreement, or if general economic, commodity supply, or political conditions change so greatly that a reconsideration of the entire program is considered necessary. Such considerations as the availability of port facilities and ocean shipping are carefully reviewed. USDA publicly announces each time a PA is issued.

3. Bank Designations. The government of the importing country must designate an "approved applicant" to request a letter of commitment, and a bank (or banks) in the United States to handle all transactions concerning a given PA. The approved applicant may be the central bank of the importing country's government, a commercial bank in that country, or another acceptable agency. If a commercial bank is chosen, it usually has a correspondent relationship with the designated U.S. bank. Sometimes the importing country's government will appoint one of its own agencies rather than a bank as the approved applicant. For simplicity, however, it is assumed in the rest of this section that a foreign bank is the approved applicant.

4. Letter of Commitment. The importing country, through its embassy in the United States, requests the CCC to issue a letter of commitment to the U.S. bank designated to handle the financial transactions. The letter of commitment names the approved applicant, the U.S. commercial bank, and the Federal Reserve Bank (as agent of the CCC). The letter of commitment constitutes a firm commitment by the CCC to reimburse the U.S. bank for payments made or drafts accepted under letters of credit for the account of the approved applicant (see steps 6 and 7). The letter of commitment stipulates that the U.S. bank must submit to the CCC the appropriate documents required by P.L. 480 regulations and by the PA. After the U.S. bank accepts the letter of commitment, a copy is forwarded by CCC to the foreign government's embassy in the United States.

5. Purchasing Commodities. All purchases of food commodities must be made on the basis of an invitation for bids (IFB), issued by the United States by the importing country. The IFB must be reviewed and approved by USDA before it is issued, and it must be publicly advertised in the United States. Offers must conform to the terms of the IFB, and they must be received and publicly opened in the United States.

If nonfood commodities, such as cotton and tobacco, are included in the agreement, they may be purchased through negotiation with a supplier or suppliers of the importer's choice. The exporter is required to register the sale of all commodities with USDA immediately upon making a firm sale. The notice of sale is reviewed by USDA to ensure that the contract price does not exceed the prevailing range of export market prices, and to ensure conformity to the terms of the PA and the P.L. 480 regulations.

6. Request for Letter of Credit. The importer [2] applies to the designated foreign bank (that is, the bank in the importing country) for a letter of credit (L/C) in favor of the U.S. exporter. An L/C is a financial document issued by a bank which agrees to honor drafts drawn upon it by a specificed person under certain conditions (for example, in exchange for a bill of lading and other documents.)

Under P.L. 480 sales agreements, as in a normal commercial sale, the exporter receives payment for commodities by drawing on this L/C at the U.S. bank. Under regular sales conditions, the U.S. commercial bank would be reimbursed, in turn, by the bank in the recipient country. Under a P.L. 480 sales agreement, it is reimbursed by the CCC, through the U.S. Federal Reserve Bank, to the extent specified in the letter of commitment. Usually that is for an amount minus any initial payment specified in the letter. The purpose of opening an L/C between the foreign bank and the U.S. commercial bank—even though payment is not made through that channel in a P.L. 480 transaction—is to establish a channel for the flow of other important documents, such as the bill of lading in the transaction. In addition, if an initial payment is required as part of the sales agreement, that payment is made through the foreign and U.S. commercial banks.

7. Letter of Credit Issued. The L/C is issued by the foreign bank and confirmed or advised by the U.S. bank. A "confirmed" letter of credit constitutes a commitment of both the issuing bank and the confirming bank that payment will be made if the terms of the credit are met. An "advised" letter of credit constitutes a commitment by the issuing bank only. Both types of credit must be irrevocable. As such, they cannot be canceled or altered prior to their expiration dates without the consent of the beneficiary.

The CCC is committed to reimburse the U.S. bank for eligible payments made under the credit agreement regardless of the type of L/C. The CCC will not reimburse the bank for the portion of the sale covered by the initial payment. After an L/C has been confirmed or

[2] The importer in P.L. 480 transactions may be a private business firm, or, as in most cases, an agency of the government.

advised by the U.S. commercial bank, the bank notifies the U.S. exporter that the exporter may draw upon an account established for this purpose, subject to the conditions stated in the L/C.

8. Loading and Shipping Commodities. The importer arranges for ocean shipping if commodities are to be shipped on a "free-on-board" (F.O.B.) or "free-alongside" (F.A.S) basis. The shipping company delivers a bill of lading (B/L) to the exporter when the items are loaded. A B/L is a receipt for the commodities loaded on board, and is signed by the ship's master or other duly authorized person. This document subsequently passes from one participant in the transaction to another as described below. (See also the discussion of terms and conditions of the Cargo Preferance Act applicable to P.L. 480 shipments.)

9. Exporter Payment. The exporter presents a copy of the B/L, weight and inspection certificates, and other documents required by the L/C, the PA, and the title I regulations, to the U.S. bank. The bank examines the documents and pays the exporter, in dollars, at the price agreed upon in the sales contract.

10. U.S. Bank Transactions. The U.S. bank presents the documents required by the CCC to the Federal Reserve Bank named in the Letter of Commitment. The Federal Reserve Bank, acting as the agent for the CCC, pays dollars to the U.S. bank or credits its reserve account.

11. Foreign Bank Notification. The U.S. bank notifies the foreign bank of the transaction and transmits the original bill of lading and other documents.

12. Foreign Bank-Importer Transaction. Upon receipt of the B/L from the U.S. bank, the foreign bank notifies the importer, who pays for the commodities in local currency to the foreign bank [3] In exchange, the importer receives the B/L and other documents in order to claim the commodities upon their arrival in the importing country.

13. Foreign Bank-Government Transaction. The local currency payment, received from the importer by the foreign bank, is transferred to the account of the government of the importing country. These funds sometimes are referred to as "counterpart funds," in reference to their possible use, for local development projects depending on the terms of the title I sales agreement.

[3] If the importer is an agency of the recipient country's government, an immediate Letter of Credit payment may not be necessary.

14. Claiming of Commodities. Upon receipt of the B/L from the local bank, the importer uses it to claim the commodities when they arrive from the United States.

15. Distribution of Commodities. Upon receipt of the commodities, the importer makes final sale of them within the importing country through normal commercial channels.

16. Government-to-Government Repayment. The foreign government must repay the CCC in subsequent years for the credit extended, as required by the terms of the sales agreement. These payments are made to the CCC through its agent, the Federal Reserve Bank. Since 1971, all sales agreements have been made on a long-term credit basis, and are payable in dollars. These payments are used to finance future title I/III sales agreements.

Implementation of Title III Loan Repayment Forgiveness

The implementation of the title I sales agreement that includes a title III Food for Development program follows the same procedures as described above. In addition, title III programs are subject to certain provisions concerning the recipient country's compliance with the development commitments of the program, and its eligibility for the forgiveness of its title I loan repayment.

The government of the importing country must report quarterly on deposits and disbursements of local currency in connection with the Food for Development program. The U.S. Embassy must: (1) determine that the local currency equivalent of the dollars disbursed by the CCC has been deposited in a special account; (2) review the disbursements of those local currencies from the special account by the importing country; and (3) certify that those disbursements meet the conditions qualifying them for application against loan repayments. The embassy must report quarterly on these disbursements to the CCC.

The complete title I debt will be deemed to be offset only when there is full disbursement, for authorized purposes, of the local currencies which were deposited by the foreign government into a special account, in an amount equal to the dollar value of the CCC credit (regardless of fluctuations in the exchange rate that may have occurred during the life of the program). Full forgiveness does not apply in the case of "relatively least developed countries" (RLDC's) which choose to utilize disbursements from the special account to offset other title I debt coming due from previous agreements. The U.S. Embassy must certify to the CCC that all the local currencies generated have been disbursed before full forgiveness of loan payment can occur.

Magnitude of the P.L. 480 Program, FY 1955-83

Agricultural commodities valued at nearly $33.8 billion at the time of export have been exported under the P.L. 480 program from FY 1955 (the first year of operation) through the end of FY 1983. For that entire period, P.L. 480 exports account for 11 percent of total U.S. agricultural exports.

In monetary terms, total P.L. 480 exports reached their peak in FY 1965, when the total value of program exports exceeded $1.5 billion. Over the next several years the program budget gradually declined to $867 million in 1974—the lowest since the initial year of 1955. The value of P.L. 480 exports in 1983 was slightly more than $1.2 billion.

Local currency (LC) sales agreements reached their peak in FY 1965, at more than $1.1 billion, and declined thereafter (see table 1). Dollar credit (DC) and convertible local currency credit (CLCC) sales agreements began in 1962. Approximately two-thirds of the value of all P.L. 480 commodities are presently transferred through DC and CLCC sales agreements. The remainder are grants under title II authority. They are divided nearly evenly between government-to-government transfers and transfers through PVO's organizations. Transfers through barter arrangements, although authorized by title III, have not been used since the late 1960's.

P.L. 480 data on volume rather than value and on types of commodities rather than the terms of their transfer indicate more accurately than monetary data changes in the size of the program over time. Monetary data are influenced by short-term changes in agricultural prices as well as longer term inflationary trends.

The bulk of the commodities exported through the P.L. 480 program are grains, including wheat/wheat products, wheat flour, feed grains, and rice (table 2). Grains comprise approximately 90 percent of the commodities exported under P.L. 480. The remainder consists of vegetable oils, nonfat dry milk, blended foods (title III donations), and other commodities, such as cotton and tobacco.

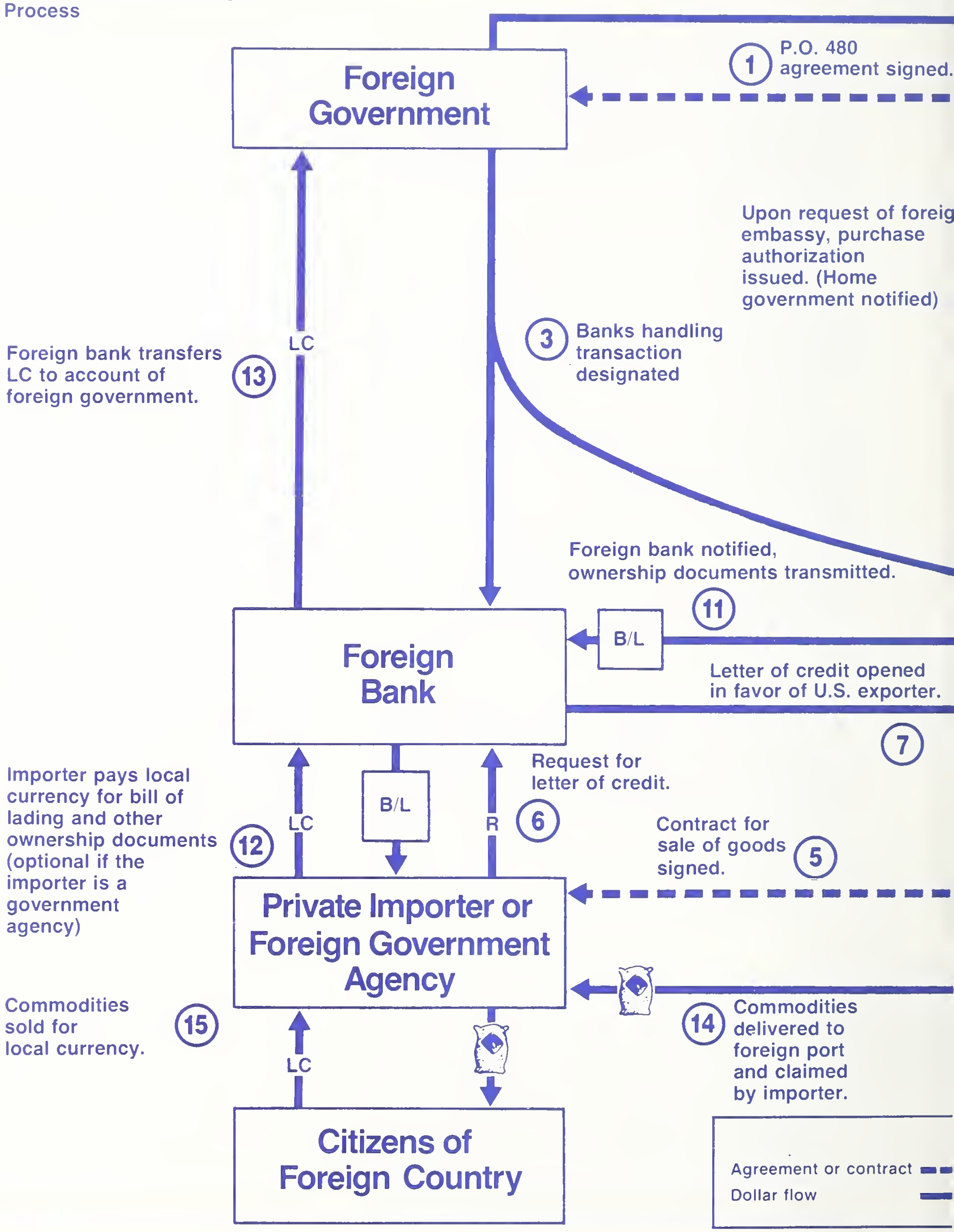
The export share of P.L. 480 sales have declined from more than 25 percent of total U.S. agricultural exports during the first 15 years of the program to less than 5 percent since 1974 (table 3). However, the program's importance varies by commodity. The greatest decline in the importance of P.L. 480 exports, as a portion of total agricultural exports, has involved wheat and feed grains. However, for other commodities—particularly wheat flour and rice—the importance of P.L. 480 as an export promotion device remains high.

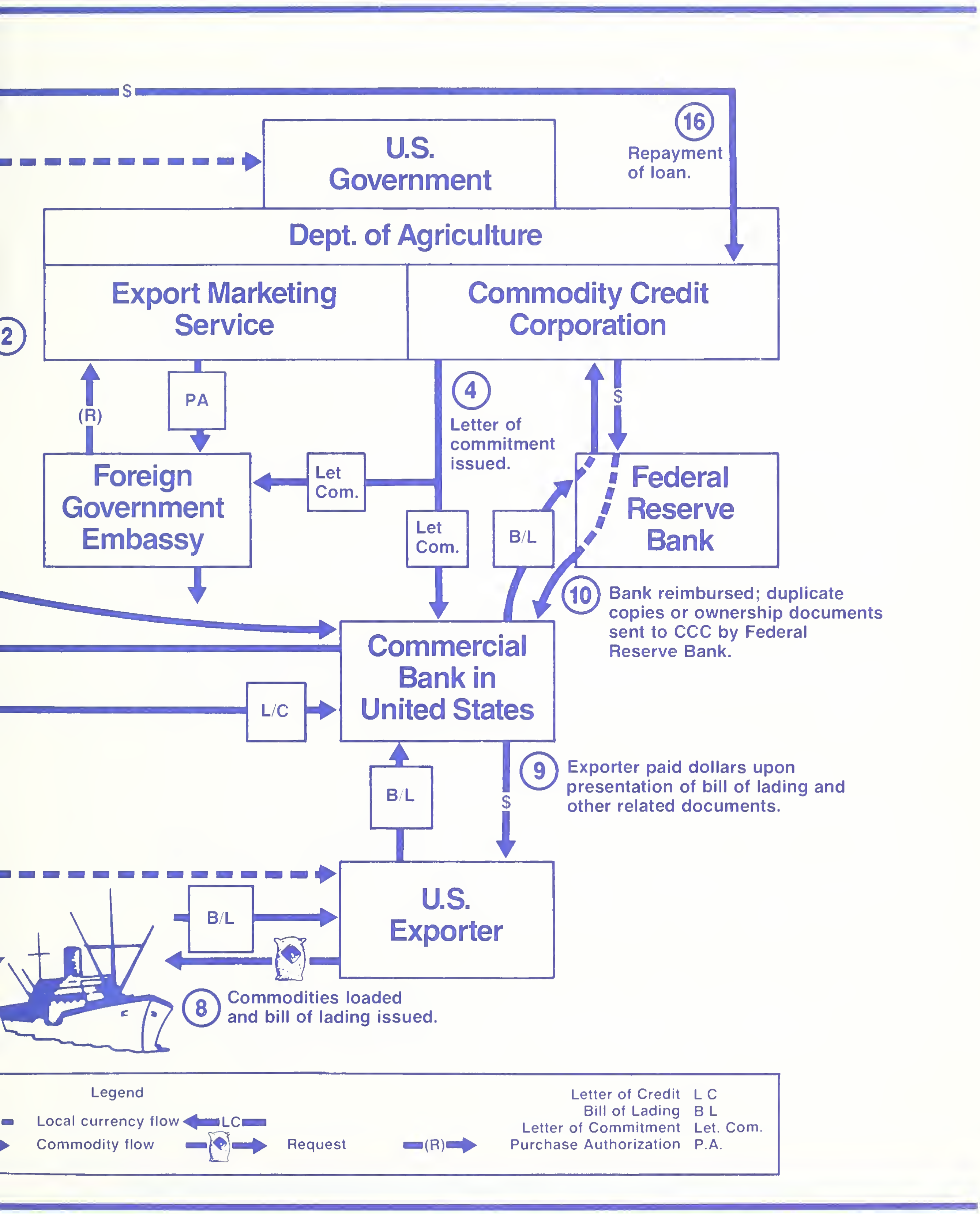
More than 100 countries have received P.L. 480 assistance since 1974 (table 4). With only a few exceptions—and the level of assistance in those cases was relatively quite small—aid has been given to countries considered to be undeveloped. The United States provided virtually all of the world's food aid in the 1950's and early 1960's and it still continues to provide over half of all such aid.

Many countries that formerly imported food under P.L. 480 have progressed economically to the point where such imports are no longer necessary. Japan, Taiwan, Korea, and Brazil are examples of countries where the United States enjoys export expansion benefits as a result of earlier P.L. 480 assistance. Each of these countries has switched from a title I recipient to an important commercial importer of U.S. agricultural commodities.

Figure 3

Stages of the P.L. 480 Program Planning and Implementation Process





$
U.S. Government
16
Repayment of loan.
Dept. of Agriculture
2
Export Marketing Service
Commodity Credit Corporation
(R)
PA
4
Letter of commitment issued.
$
Foreign Government Embassy
Let Com.
Federal Reserve Bank
Let Com.
B/L
10
Bank reimbursed; duplicate copies or ownership documents sent to CCC by Federal Reserve Bank.
Commercial Bank in United States
L/C
B/L
$
9
Exporter paid dollars upon presentation of bill of lading and other related documents.
U.S. Exporter
B/L
8
Commodities loaded and bill of lading issued.
Legend
Local currency flow
LC
Commodity flow
Request
(R)
Letter of Credit L C
Bill of Lading B L
Letter of Commitment Let. Com.
Purchase Authorization P.A.

Table 1—Annual Value of P.L. 480 Shipments by Type of Transfer, FY 1955-83

	Title I/III Concessional Sales		Title II Donations			
Fiscal Year	Local Currency	Long-term Dollar Credit (DC) and Convertible Local Currency (CLCC)	Govt-to-Govt and World Food Program	Private Voluntary Agencies	Barter for Strategic Materials	Total P.L. 480
			1,000 dollars			
1955	73	—	52	135	125	385
1956	439	—	63	184	298	984
1957	908	—	51	165	401	1,525
1958	658	—	51	173	100	982
1959	724	—	30	131	132	1,017
1960	824	—	38	105	149	1,116
1961	952	—	75	146	144	1,317
1962	1,029	19	88	160	198	1,494
1963	1,088	57	89	174	48	1,456
1964	1,057	48	81	189	43	1,418
1965	1,142	158	55	183	32	1,570
1966	866	182	87	180	32	1,347
1967	803	178	110	157	23	1,217
1968	723	300	100	150	6	1,279
1969	347	427	111	154	1	1,040
1970	309	506	113	128	—	1,056
1971	204	539	138	142	—	1,023
1972	144	535	228	152	—	1,059
1973	6	661	159	128	—	954
1974	—	575	147	145	—	867
1975	—	762	148	191	—	1,101
1976 + TQ[1]	—	1,006	83	143	—	1,232
1977	—	762	92	250	—	1,104
1978	—	739	108	220	—	1,067
1979	—	793	128	271	—	1,192
1980	—	865	191	223	—	1,279
1981	—	791	273	320	—	1,384
1982	—	723	113	213	—	1,049
1983	—	808	198	200	—	1,206
1955-83	12,296	11,434	3,200	5,112	1,732	33,774

[1]Transition quarter to new fiscal year.

Table 2—Annual Quantity of P.L. 480 Shipments, FY 1955-83

Fiscal Year	Total Grains	Total Nongrains	Wheat/ Wheat Products	Feed Grains	Rice	Vegetable Oils	Nonfat Dry Milk	Blended Foods	Other
				Metric tons					
1955	3,101,948	316,518	2,367,143	720,652	14,153	50,550	128,663	—	137,305
1956	9,207,440	863,128	4,788,590	4,159,119	259,731	242,734	204,673	—	415,732
1957	12,965,169	1,306,159	8,569,600	3,427,439	968,130	311,445	224,155	—	770,559
1958	8,253,239	975,320	6,003,928	1,969,213	280,098	233,645	289,945	—	451,730
1959	10,438,493	1,049,794	7,727,448	2,396,688	314,357	351,938	296,028	—	401,828
1960	13,543,473	781,798	9,925,183	3,044,478	537,803	339,214	175,468	—	267,116
1961	15,458,030	884,040	11,942,490	2,858,001	657,539	284,059	242,900	—	357,081
1962	17,686,602	1,091,605	13,670,392	3,594,941	421,269	361,816	278,036	—	451,753
1963	16,055,762	1,310,815	13,538,967	1,902,349	614,446	298,209	335,048	—	677,558
1964	15,637,926	1,138,072	13,425,887	1,537,718	674,321	336,957	300,794	—	500,321
1965	17,307,701	1,103,331	15,365,608	1,376,408	565,685	472,206	209,236	—	421,889
1966	17,390,714	766,714	14,720,342	2,310,984	359,388	320,004	217,835	—	228,875
1967	12,994,477	962,670	8,327,216	3,838,942	828,319	342,853	137,911	87,926	393,980
1968	13,530,784	1,048,277	10,733,351	2,062,828	734,605	400,798	134,550	117,912	395,017
1969	8,911,786	1,084,672	6,891,311	1,027,391	993,084	367,737	142,655	187,824	386,456
1970	10,008,604	929,589	7,629,266	1,432,333	947,005	330,546	138,000	149,287	311,756
1971	8,927,958	906,879	6,619,919	1,384,963	923,076	379,001	150,534	178,251	199,093
1972	8,993,769	911,864	6,448,026	1,484,342	1,061,401	380,663	125,582	265,783	139,836
1973	6,637,482	663,526	4,051,217	1,589,315	996,950	217,738	27,637	269,314	148,837
1974	2,961,470	352,517	1,421,616	934,234	605,620	118,857	—	182,347	51,313
1975	4,522,447	304,828	3,435,390	322,183	764,874	70,708	44,334	173,367	16,419
1976 + TQ[1]	6,215,112	437,488	4,843,730	395,966	975,416	177,161	34,513	152,673	73,141
1977	6,016,913	417,083	4,621,786	709,160	685,967	164,878	57,448	151,983	42,774
1978	5,632,300	462,400	4,387,900	715,200	529,200	209,000	66,700	155,700	31,000
1979	5,851,600	438,014	4,535,800	831,600	484,200	149,700	64,100	207,714	16,500
1980	5,524,025	543,024	3,880,345	1,092,391	551,289	249,306	66,791	208,454	18,473
1981	4,829,255	801,308	3,657,845	827,544	343,866	250,244	96,169	443,950	109,470
1982	4,681,229	474,811	3,812,900	509,000	359,329	267,389	69,539	128,200	9,683
1983	5,135,639	489,848	3,966,363	755,156	414,120	256,388	122,398	96,920	14,142
1955-83	278,421,120	22,814,106	211,309,559	49,210,547	17,901,014	7,935,731	4,381,642	3,155,617	7,341,116

[1]Transition quarter.

Table 3—P.L. 480 Shipments as Percentage of Total U.S. Agricultural Exports By Major Commodities and Total Program, FY 1955-83

Fiscal Year	Wheat & Products	Wheat Flour	Feed Grains	Rice	Vegetable Oil	Total Program
			Percent			
1955	23	0	32	4	16	12
1956	51	0	83	49	52	28
1957	57	3	71	81	49	33
1958	55	0	32	52	56	24
1959	64	9	30	50	72	27
1960	71	18	36	63	47	24
1961	66	20	31	68	51	26
1962	70	28	29	42	65	29
1963	78	30	14	56	41	29
1964	58	32	11	48	50	23
1965	78	26	8	44	52	26
1966	62	28	10	26	50	20
1967	41	18	19	47	67	19
1968	56	19	10	38	87	20
1969	48	33	6	54	80	18
1970	43	31	7	53	39	16
1971	33	32	8	57	39	13
1972	35	30	6	57	45	13
1973	11	10	4	60	29	7
1974	5	3	2	36	13	4
1975	11	12	[1]	35	9	5
1976 + TQ[2]	16	43	[1]	50	26	5
1977	18	35	1	30	16	4
1978	13	42	1	23	16	4
1979	14	41	1	20	11	4
1980	10	38	2	19	16	3
1981	8	38	1	11	24	3
1982	8	36	1	12	20	3
1983	10	29	1	18	28	4

[1]Less than 1 percent. [2]Transition quarter.

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
		1,000 dollars								
Near East										
Egypt	Total	210,374	187,914	239,994	301,476	306,572	370,272	258,708	269,317	2,144,345
	Title I/III	198,925	175,486	218,725	285,387	286,731	275,000	247,173	250,000	1,937,427
	Title II	11,499	12,428	20,997	16,089	19,781	95,272	11,535	19,317	206,918
Gaza Strip	Total	1,516	1,003	1,463	1,222	1,374	864	308	685	8,435
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	1,516	1,003	1,463	1,222	1,374	864	308	685	8,435
Israel	Total	12,578	7,200	5,373	1,000	—	—	—	—	26,151
	Title I/III	11,192	7,200	5,373	1,000	—	—	—	—	24,765
	Title II	1,386	—	—	—	—	—	—	—	1,386
Jordan	Total	11,128	10,232	7,653	2,204	1,928	2,100[1]	1,165[2]	61	36,471
	Title I/III	9,489	6,336	5,267	—	—	—	—	—	21,092
	Title II	1,639	3,896	2,386	2,204	1,928	2,100[1]	1,165[2]	61	15,379
Lebanon	Total	9,732	9,352	4,682	—	—	—	954	—	24,720
	Title I/III	6,311	5,885	1,729	—	—	—	—	—	13,925
	Title II	3,421	3,467	2,953	—	—	—	954	—	10,795
Morocco	Total	24,907	27,908	18,470	18,537	37,414	44,920	41,398	37,433	250,987
	Title I/III	9,593	12,168	7,266	8,705	22,462	34,660	27,058	25,000	146,912
	Title II	15,116	15,740	11,204	9,832	14,952	10,260	14,340	12,631	104,075
Syria	Total	19,717	8,362	19,375	1,124	2,014	—	—	—	50,592
	Title I/III	15,989	6,398	16,686	—	—	—	—	—	39,073
	Title II	3,782	1,964	2,689	1,124	2,014	—	—	—	11,573
Tunisia	Total	13,479	18,863	16,213	21,627	6,509	17,235	13,623	11,331	240,380
	Title I/III	8,652	10,732	9,553	16,791	3,344	16,173	12,613	10,000	87,858
	Title II	4,827	8,131	6,660	4,836	3,165	1,062	1,010	1,331	31,022
Turkey	Total	188	86	71	89	42	70	33	33	612
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	188	86	71	89	42	70	33	33	612
Yemen Arab Rep.	Total	528	179	337	669	320	582	573	3,068	6,256
	Title I/III	—	—	—	—	—	—	—	3,000	3,000
	Title II	528	179	337	669	320	582	573	68	3,256

[1]Includes $1,085 for West Bank. [2]Includes $1,064 for West Bank.

Continued

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84—Continued

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
						1,000 dollars				
Latin America										
Barbados	Total	149	64	43	98	54	49	—	—	457
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	149	64	43	98	54	49	—	—	457
Bolivia	Total	6,352	14,530	19,870	23,828	6,364	15,391	37,696	23,548	147,579
	Title I/III	—	8,863	13,228	17,084	—	9,728	31,530	10,000	90,433
	Title II	6,352	5,604	6,642	6,744	6,346	5,663	6,166	13,548	57,065
Brazil	Total	1,017	47	381	854	545	308	76	94	3,322
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	1,017	47	381	854	545	308	76	94	3,322
Chile	Total	17,113	5,494	8,519	4,959	6,288	1,678	837	—	44,888
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	17,113	5,494	8,519	4,959	6,288	1,678	837	—	44,888
Colombia	Total	4,801	2,382	1,088	656	—	—	—	—	8,927
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	4,801	2,382	1,088	656	—	—	—	—	8,927
Costa Rica	Total	3,776	687	20	287	804	18,710	25,324	20,000	69,608
	Title I/III	—	—	—	—	—	17,197	25,050	20,000	62,247
	Title II	3,776	687	20	287	804	1,513	274	—	7,361
Dominican Rep.	Total	9,240	5,113	18,392	20,670	14,672	17,186	27,196	22,872	135,341
	Title I/III	—	1,500	11,676	16,427	11,610	14,794	25,530	20,000	101,537
	Title II	9,240	3,613	6,716	4,243	3,062	2,392	1,666	2,872	33,804
Ecuador	Total	1,070	2,038	2,025	740	1,236	582	1,217	3,144	12,052
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	1,070	2,038	2,025	740	1,236	582	1,217	3,144	12,052
El Salvador	Total	2,406	1,563	2,511	5,248	18,825	27,509	48,113	37,343	143,518
	Title I/III	—	—	—	2,887	11,913	22,937	42,772	32,000	90,509
	Title II	2,406	1,563	2,511	2,361	6,912	4,572	5,341	5,343	31,009

Continued

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84—Continued

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
					1,000 dollars					
Latin America										
Guatemala	Total	4,490	4,307	5,288	3,241	7,344	3,720	5,051	11,952	45,393
	Title I/III	—	—	—	—	—	—	—	7,000	7,000
	Title II	4,490	4,307	5,288	3,241	7,344	3,720	5,051	4,952	38,393
Guyana	Total	7	1,996	2,289	2,398	24	76	87	253	7,130
	Title I/III	—	1,996	2,220	2,271	—	—	—	—	6,487
	Title II	7	—	69	127	24	76	87	253	643
Haiti	Total	19,493	13,637	13,176	18,042	21,823	20,559	15,915	21,284	143,929
	Title I/III	11,067	6,486	6,871	11,551	8,887	12,684	10,900	11,000	79,446
	Title II	8,426	7,151	6,305	6,491	12,936	7,875	5,015	10,284	64,483
Honduras	Total	2,716	2,341	4,323	3,419	9,438	7,431	14,395	12,623	56,686
	Title I/III	—	—	1,763	598	5,097	5,000	11,120	8,000	31,578
	Title II	2,716	2,341	2,560	2,821	4,341	2,431	3,275	4,623	25,108
Jamaica	Total	2,871	12,008	13,911	10,806	14,251	17,010	19,767	20,541	111,165
	Title I/III	2,867	11,511	13,710	10,806	14,251	17,000	19,700	20,000	109,845
	Title II	4	497	201	—	—	10	67	541	1,320
Leeward-Windward Islands	Total	—	—	225	769	—	—	—	—	994
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	225	769	—	—	—	—	994
Nicaragua	Total	289	41	3,657	17,582	2,458	492	12	—	24,531
	Title I/III	—	—	—	15,897	1,558	—	—	—	17,455
	Title II	289	41	3,657	1,685	900	492	12	—	7,076
Panama	Total	1,884	1,301	1,053	967	1,644	1,089	1,192	—	9,130
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	1,884	1,301	1,053	967	1,644	1,089	1,192	—	9,130
Paraguay	Total	183	249	164	280	547	152	68	—	1,643
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	183	249	164	280	547	152	68	—	1,643
Peru	Total	4,698	17,421	39,144	32,451	41,127	30,723	43,018	35,165	243,747
	Title I/III	—	11,100	25,424	19,967	19,999	17,000	30,450	20,000	143,940
	Title II	4,698	6,321	13,720	12,484	21,128	13,743	12,568	15,165	99,827

Continued

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84—Continued

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
					1,000 dollars					
Africa										
Algeria	Total	5,295	4,132	—	—	—	—	—	—	9,427
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	5,295	4,132	—	—	—	—	—	—	9,427
Angola	Total	—	503	1,104	3,918	3,678	2,710	642	1,955	14,510
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	503	1,104	3,918	3,678	2,710	642	1,955	14,510
Benin (Dahomey)	Total	559	837	766	9,945	1,611	829	516	2,020	17,083
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	559	837	766	9,945	1,611	829	516	2,020	17,083
Botswana	Total	2,092	2,984	2,497	5,143	5,175	2,413	2,346	3,635	26,285
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	2,092	2,984	2,497	5,143	5,175	2,413	2,346	3,635	26,285
Burundi	Total	987	1,959	2,003	1,989	2,683	1,917	480	2,413	14,431
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	987	1,959	2,003	1,989	2,683	1,917	480	2,413	14,431
Cameroon	Total	637	1,278	1,521	812	2,701	1,230	697	846	9,722
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	637	1,278	1,521	812	2,701	1,230	697	846	9,722
Cape Verde	Total	—	—	—	—	—	2,292	2,445	4,384	9,121
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	—	—	—	2,292	2,445	4,384	9,121
Central African Republic	Total	47	323	184	528	320	254	215	716	2,587
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	47	323	184	528	320	254	215	716	2,587
Chad	Total	4,317	4,697	4,051	2,050	—	2,275	2,353	3,312	23,055
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	4,317	4,697	4,051	2,050	—	2,275	2,353	3,312	23,055
Comoros	Total	—	—	—	—	436	403	386	385	1,610
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	—	—	436	403	386	385	1,610

Continued

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84—Continued

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
					1,000 dollars					
Africa										
Congo (Brazzaville)	Total	715	613	878	746	277	481	25	2,000	5,735
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	715	613	878	746	277	481	25	2,000	5,735
Djibouti	Total	—	—	363	833	1,825	1,119	395	1,391	5,926
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	363	833	1,825	1,119	395	1,391	5,926
Equitorial Guinea	Total	—	5,466	—	496	—	16	293	835	7,106
	Title I/III	—	5,466	—	—	—	—	—	—	5,466
	Title II	—	—	—	496	—	16	293	835	1,640
Ethiopia	Total	4,373	3,830	7,745	11,042	7,948	2,168	1,811	6,363	45,280
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	4,373	3,830	7,745	11,042	7,948	2,168	1,811	6,363	45,280
Gambia	Total	586	879	739	1,728	1,083	1,353	285	1,025	7,678
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	586	879	739	1,728	1,083	1,353	285	1,025	7,678
Ghana	Total	5,447	3,028	14,608	15,274	19,718	4,059	10,023	18,953	91,110
	Title I/III	—	—	9,594	11,684	13,435	—	7,000	—	41,713
	Title II	5,447	3,028	5,014	3,590	6,283	4,059	3,023	18,953	49,397
Guinea	Total	3,182	6,602	5,991	5,938	9,276	72	5,103	2,088	38,252
	Title I/III	3,041	—	5,991	5,932	6,606	5,000	5,000	2,000	33,570
	Title II	141	6,602	—	6	2,670	72	103	88	9,682
Ivory Coast	Total	60	189	115	6	9	—	—	—	379
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	60	189	115	6	9	—	—	—	379
Kenya	Total	1,385	899	1,227	19,822	25,291	16,576	16,346	9,852	91,398
	Title I/III	—	—	—	16,699	15,830	13,640	15,000	5,000	66,169
	Title II	1,385	899	1,227	3,123	9,761	2,936	1,346	4,852	25,529
Lesotho	Total	4,017	3,685	5,417	7,704	8,752	4,333	4,668	9,121	47,697
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	4,017	3,685	5,417	7,704	8,752	4,333	4,668	9,121	47,697

Continued

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84—Continued

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
		1,000 dollars								
Africa										
Liberia	Total	32	111	118	2,695	12,669	16,805	16,852	15,127	64,409
	Title I/III	—	—	—	2,462	12,534	16,696	16,700	15,000	63,392
	Title II	32	111	118	233	135	129	152	127	1,037
Madagascar (Malagasy Republic)	Total	875	1,404	1,840	26	3,330	17,044	8,420	7,217	40,156
	Title I/III	—	—	—	—	—	10,000	8,000	6,000	24,000
	Title II	875	1,404	1,840	26	3,330	7,044	420	1,217	16,156
Malawi	Total	388	181	241	782	3,050	154	224	261	5,281
	Title I/III	—	—	—	—	2,329	—	—	—	2,329
	Title II	388	181	241	782	721	154	224	261	2,952
Mali	Total	34	2,922	1,126	465	—	693	2,181	2,534	9,955
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	34	2,922	1,126	465	—	693	2,181	2,534	9,955
Mauritania	Total	1,372	2,159	1,079	6,197	5,744	2,426	4,920	8,198	32,095
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	1,372	2,159	1,079	6,197	5,744	2,426	4,920	8,198	32,095
Mauritius	Total	123	421	275	6,063	4,292	5,141	4,221	3,726	24,262
	Title I/III	—	—	—	5,600	3,495	3,500	3,500	3,500	19,595
	Title II	123	421	275	463	797	1,641	721	226	4,667
Mozambique	Total	3,558	6,297	11,910	17,803	523	4,226	4,800	6,194	55,311
	Title I/III	—	—	3,208	11,555	—	—	—	—	14,763
	Title II	3,558	6,297	8,702	6,248	523	4,226	4,800	6,194	40,548
Niger	Total	191	2,023	87	1,027	1,087	2,493	300	1,472	8,680
	Title I/III	—	—	—	—	—	—	—	1,000	1,000
	Title II	191	2,023	87	1,027	1,087	2,493	300	472	7,680
Rwanda	Total	1,184	1,564	975	2,129	3,316	2,470	1,826	4,499	17,963
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	1,184	1,564	975	2,129	3,316	2,470	1,826	4,499	17,963
Sao Tome	Total	—	—	—	—	—	60	90	746	842
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	—	—	—	60	90	746	842

Continued

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84—Continued

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
						1,000 dollars				
Africa										
Senegal	Total	2,843	9,156	5,667	14,426	18,549	5,764	12,893	17,192	86,490
	Title I/III	—	—	—	6,839	6,998	3,500	7,700	8,000	33,037
	Title II	2,843	9,156	5,667	7,587	11,551	2,264	5,193	9,196	53,453
Seychelles	Total	115	90	105	219	356	170	73	279	1,407
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	115	90	105	219	356	170	73	279	1,407
Sierra Leone	Total	2,358	854	2,273	2,496	4,905	4,079	4,565	5,647	22,177
	Title I/III	1,294	—	1,286	1,192	3,494	3,000	3,600	4,000	17,866
	Title II	1,064	854	987	1,304	1,411	1,079	965	1,647	9,311
Somalia	Total	564	10,888	16,101	41,439	49,374	19,792	30,891	24,081	193,130
	Title I/III	—	4,519	10,583	17,680	16,294	14,500	25,437	16,000	105,013
	Title II	564	6,369	5,518	23,759	33,080	5,292	5,454	8,081	88,117
Sudan	Total	6,552	12,786	21,127	22,206	35,551	25,324	48,134	51,725	223,405
	Title I/III	4,764	10,278	19,898	20,966	31,317	25,000	47,900	50,000	210,123
	Title II	1,788	2,508	1,229	1,240	4,234	324	234	1,725	13,282
Swaziland	Total	104	372	306	213	407	1,059	375	511	3,347
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	104	372	306	213	407	1,059	375	511	3,347
Tanzania	Total	15,587	8,288	2,393	9,943	15,773	6,322	5,827	4,401	68,534
	Title I/III	7,594	6,499	—	7,478	7,500	5,000	5,000	3,000	42,071
	Title II	7,993	1,789	2,393	2,465	8,273	1,322	827	1,401	26,463
Togo	Total	2,196	1,403	2,640	1,699	639	1,383	1,347	2,973	14,280
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	2,196	1,403	2,640	1,699	639	1,383	1,347	2,973	14,280
Uganda	Total	—	—	—	5,641	8,366	344	231	—	14,582
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	—	5,641	8,366	344	231	—	14,582
Upper Volta	Total	7,523	8,265	8,488	13,721	—	5,890	6,860	7,363	58,110
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	7,523	8,265	8,488	13,721	—	5,890	6,860	7,363	58,110

Continued

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84—Continued

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
						1,000 dollars				
Africa										
Western Africa N.E.C.[3]	Total	2,965	5,840	3,033	2,031	8,617	—	—	—	22,486
	Title I/III		—	—	—	—	—	—	—	—
	Title II	2,965	5,840	3,033	2,031	8,617	—	—	—	22,486
Zaire	Total	13,457	5,370	26,328	21,974	15,492	10,252	10,170	10,411	113,454
	Title I/III	13,457	5,005	22,207	21,381	12,581	10,000	10,000	10,000	104,631
	Title II	—	365	4,121	593	2,911	252	170	411	8,823
Zambia	Total	4,713	3,304	11,600	24,319	12,257	7,000	10,400	8,645	82,238
	Title I/III	—	3,288	10,152	17,012	8,873	7,000	7,000	7,000	60,325
	Title II	4,713	16	1,448	7,307	3,384	—	3,400	1,645	21,913
Zimbabwe	Total	—	—	—	—	834	—	1,633	—	2,467
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	—	—	834	—	1,633	—	2,467
Europe										
Cyprus	Total	—	760	1,497	240	—	—	—	—	2,497
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	760	1,497	240	—	—	—	—	2,497
Poland	Total	—	—	—	—	31,977	30,577	28,400	22,177	113,131
	Title I/III	—	—	—	—	31,977	15,330	—	—	47,307
	Title II	—	—	—	—	—	15,247	28,400	22,177	65,824
Portugal	Total	61,354	6,771	67,877	31,037	14,318	—	—	—	181,357
	Title I/III	61,354	6,771	67,877	31,037	14,318	—	—	—	181,357
	Title II	—	—	—	—	—	—	—	—	—
Asia										
Afghanistan	Total	656	5,925	4,460	—	—	—	—	—	11,041
	Title I/III	—	5,371	—	—	—	—	—	—	5,371
	Title II	656	554	4,460	—	—	—	—	—	5,670
Bangladesh	Total	66,497	103,898	84,102	60,791	60,888	74,311	98,220	87,287	635,994
	Title I/III	49,488	84,981	57,581	58,360	47,489	63,867	56,920	65,000	483,686
	Title II	17,009	18,917	26,521	2,431	13,399	10,444	41,300	22,287	152,308

[3]Not Else Classified.

Continued

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84—Continued

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
		1,000 dollars								
Asia										
Bhutan	Total	—	—	—	—	—	442	850	903	2,195
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	—	—	—	442	850	903	2,195
China, People's Republic of	Total	—	—	—	454	1,356	132	—	—	1,942
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	—	454	1,356	132	—	—	1,942
India	Total	140,850	131,527	40,515	108,750	120,381	77,500	90,050	137,895	847,468
	Title I/III	41,789	27,793	—	—	—	—	—	—	69,582
	Title II	99,061	103,734	40,515	108,750	120,381	77,500	90,050	137,895	777,886
Indonesia	Total	131,834	156,822	96,512	111,874	66,125	24,970	37,134	37,612	662,883
	Title I/III	125,411	149,491	89,636	97,601	54,497	17,500	31,500	30,000	595,368
	Title II	6,432	7,331	6,876	14,273	11,628	7,470	5,634	7,612	67,256
Kampuchea (Cambodia)	Total	—	—	—	30,825	17,327	4,182	2,533	1,798	56,665
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	—	30,825	17,327	4,182	2,533	1,798	56,665
Korea, Republic of	Total	72,096	63,306	42,094	32,532	27,576	—	—	—	237,604
	Title I/III	72,096	63,306	42,094	32,532	27,576	—	—	—	237,604
	Title II	—	—	—	—	—	—	—	—	—
Laos	Total	—	1,258	1,922	—	—	—	—	—	3,180
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	1,258	1,922	—	—	—	—	—	3,180
Nepal	Total	847	962	1,853	3,446	3,658	1,115	3,118	1,490	16,489
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	847	962	1,853	3,446	3,658	1,115	3,118	1,490	16,489
Pakistan	Total	51,615	60,175	40,481	55,145	78,210	71,713	100,200	54,595	512,134
	Title I/III	51,359	59,252	38,580	49,996	48,747	50,000	49,600	50,000	397,534
	Title II	256	923	1,901	5,149	29,463	21,173	50,600	4,595	114,060
Philippines	Total	48,868	15,088	28,590	24,051	20,386	11,804	11,600	11,278	171,665
	Title I/III	13,141	—	13,888	5,271	—	—	—	—	32,300
	Title II	35,697	15,088	14,702	18,780	20,386	11,804	11,600	11,278	139,335

Continued

Table 4—Value of P.L. 480 Shipments by Recipient Country and Title Year, FY 1977-84—Continued

Recipients		1977	1978	1979	1980	1981	1982	1983	1984 (est.)	Total
					1,000 dollars					
Asia										
Singapore	Total	—	—	41	—	—	—	—	—	41
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	—	—	41	—	—	—	—	—	41
Southern Asia N.E.C.	Total	131	165	220	532	311	—	—	—	1,359
	Title I/III	—	—	—	—	—	—	—	—	—
	Title II	131	165	220	532	311	—	—	—	1,359
Sri Lanka	Total	39,935	37,687	20,281	27,696	21,570	21,300	29,450	31,851	229,770
	Title I/III	36,281	34,307	15,878	22,622	17,830	17,600	22,250	25,000	191,768
	Title II	3,654	3,380	4,403	5,074	3,740	3,700	7,200	6,851	38,002

Appendix B

Local Currencies

Prior to 1971, when some P.L. 480 sales agreements were repaid in local currencies rather than in U.S. dollars, the United States acquired large holdings of foreign currencies. With the elimination of local currency sales agreements the acquisition of local currencies by the U.S. Government has slowed down significantly. Currently, new acquisitions are obtained from currency use payments (CUPs) and from repayments of previous loans (made in local currencies) to private enterprises or to the recipient country's government for economic development projects. Thus, except for a few countries U.S. holdings of local currencies are no longer very large.

At present, local currencies generated by P.L. 480 sales agreements can be divided into two categories, depending on their use: those to meet official U.S. Government expenses (U.S.-use), and those to finance economic development projects in the recipient-countries (country-use).

Local currencies for U.S.-use are generated through CUPs to reduce direct purchases with U.S. dollars of such currencies. Specific uses of these currencies change over time. Some major ones are to support U.S. agricultural market development and research activities; to support scientific, medical, cultural, and educational activities; to maintain diplomatic buildings and housing; to provide loans to private enterprises; and to support economic development projects within the recipient-country.

The Treasury Department accounts for all foreign currencies acquired by the U.S. Government. Any P.L. 480-generated currencies used by other government agencies must be reimbursed to the CCC. The Treasury Department also designates which, if any, countries are "excess currency countries" or "near excess currency countries." Excess currency countries are those where the supply of a nonrestricted currency exceeds U.S. requirements for the 2 years following the year for which the designation is made. These designations are used to decide whether or not to include a CUP in each P.L. 480 sales agreement. A current list of excess currency and near excess currency countries is contained in each annual P.L. 480 report.

Local currencies for recipient country-use are those currencies generated by the resale of P.L. 480 commodities. As explained in chapter 2, these currencies are usually intended to support the self-help measures included in each title I sales agreement or the development proposals included in each title III Food for Development program.

Appendix C

Glossary of P.L. 480 Concepts and Terminology

This glossary has been prepared to give a working knowledge of the concepts and terminology that have evolved over the years in implementing the P.L. 480 program. Definitions are as brief as possible, so they may not provide a sufficient reference from a legal point of view. All definitions were constructed in the context of the P.L. 480 program, and hence they may not be completely accurate in other contexts.

Approved Applicant. The central bank in a recipient country, a commercial bank in that country, or another agency designated by the government of the recipient country to handle all transactions concerning a given purchase authorization.

Bill of Lading (B/L). A receipt for the commodities loaded on board a ship and signed by the ship's master or other duly authorized person. This document subsequently passes from one participant in the transaction to another, and is used by the importer to claim the commodities upon their arrival in the recipient country.

Cargo Preference. In 1954, the Cargo Preference Act (P.L. 83-664) added section 901 (b) to the Merchant Marine Act of 1936. This amendment required that at least 50 percent of the volume of P.L. 480 commodities be shipped in U.S. flag vessels, if such vessels are available at reasonable rates.

Compliance. The status of a P.L. 480 recipient country with regard to meeting its reporting and payment commitments under signed agreements. For example, a country is in compliance as to convertiblity and payment requirements if it has been timely in meeting the convertiblity and payment provisions specified in an agreement. A country is in compliance with usual marketing requirements if it has imported the quantity of the commodities specified by an agreement as part of its normal commercial imports.

Commodity Credit Corporation (CCC). A corporate body and a U.S. Government agency within the U.S. Department of Agriculture. It was created for the purpose of: (1) stabilizing, supporting, and protecting U.S. farm income and prices; (2) assisting in the maintenane of balanced and adequate supplies; and (3) facilitating orderly distribution of commodities. The CCC, therefore, engages in a number of agricultural export activities under its charter authority, including financing the sale and export of commodities under P.L. 480.

CCC Cost. The gross cost to the CCC of financing the sale and export of U.S. agricultural commodities under P.L. 480, title I. This gross cost includes that portion of

the cost of the commodities financed by the CCC, plus the ocean transportation differential.

Concessional Sale. A sale in which the buyer is allowed payment terms which are more favorable than those obtainable on the open market. Under P.L. 480, the amount of concession is determined by the size of the initial payment, the length of the total repayment and grace periods, and the interest rates charged on the principal.

Convertible Local Currency Credit Sales (CLCC). A credit sale in which installments can be paid in dollars or, at the option of the U.S. Government, in currencies that can be converted into dollars. The payment period can extend to a maximum of 40 years, with a maximum grace period of 10 years. Minimum interest rates are 2 percent during the grace perid and 3 percent thereafter.

Cooley Loans. See "Loans to Private Enterprises."

Country-use Currencies. U.S.-owned foreign currencies accrued from past P.L. 480 local currency sales which are lent or granted to the recipient country. They are classified as country-use because they are administered by the recipient country at the point where they are used to purchase goods and services.

Currency Use Payment (CUP). Local currencies made available for U.S. use at the time of commodity delivery or on demand by the U.S. Government. The need for local currency is based on anticipated U.S. needs. These payments may be considered advance payments of the earlier installments of dollars payments due under the agreement.

Dollar Credit (DC) Sale. A credit sale to be paid in dollars over a maximum of 20 years. A grace period of a maximum of 2 years is allowed. Minimum interest rates are 2 percent during the grace period and 3 percent thereafter.

Donations (Grants). Grants of agricultural commodities by the U.S. Government—bilaterally, multilaterally, or through private voluntary organizations (PVO's)—are authorized under title II. They are given for emergency disaster relief and for ongoing humanitarian programs.

Excess-Currency Country. A country where the local currency supply available to the U.S. Government for conducting official business exceeds U.S. requirements for the 2 years following the year for which the designation is made.

Exchange Rate, Highest Legally Obtainable. The highest legal exchange rate of dollars for local currency in a country with which the United States has a P.L. 480 sales agreement. This rate must be "no less favorable" than that available to any other country.

Export Limitation. A provision that limits the recipient country's volume of exports of commodities that are the same as, or like, the commodities being furnished by the United States under a P.L. 480 sales agreement. The export of the actual commodities financed is also prohibited, with the latter prohibition being termed an export restriction.

Export Limitation Period. The period during which the recipient country must restrict exports of commodities which are considered to be the same as, or like, those supplied under P.L. 480.

Export Market Value. The market value of a commodity, based on world prices.

Fair Share. The requirement that the United States should benefit equitably from any increase in commercial purchases of agricultural commodities by the recipient country.

Food for Development. Under the 1977 amemdments to title III, countries receiving commodities through title I and meeting certain eligibility requirements may use the proceeds from the domestic sale of commodities for programs of rural and agricultural development. The expenditures that are used for the specified programs will be considered as repayment of the title I loan obligation.

Government-to-Government Agreement. An agreement between the U.S. Government and a foreign government, as distinct from an agreement between the U.S. Government and a private trade entity (see "Private Trade Agreement").

Initial Payment. A payment made by the recipient country in dollars or currencies easily covertible into dollars at the time of delivery.

Letter of Commitment. The letter naming the approved applicant, the U.S. commercial bank, and the U.S. Federal Reserve Bank (as representative of the CCC) in a P.L. 480 sales agreement. A letter of commitment constitutes a firm commitment by the CCC to reimburse the U.S. commercial bank for payments made or drafts accepted under letters of credit for the account of the approved applicant.

Letter of Credit (L/C). A financial document issued by a bank which agrees to honor drafts drawn upon it by a specified person, under certain conditions (for example, in exchange for a bill of lading and other documents).

Loans to Private Enterprise (Cooley Loans). Loans made from P.L. 480 local currencies in recipient countries to: (1) U.S. business firms (including their branches, affiliates, and subsidiaries) for business development, trade expansion, and private home construction; or (2) domestic of foreign firms for the establishment of foreign facilities to aid the utilization, the distribution, or the increased consumption of and market for U.S. agricultural products. These loans may be repaid in foreign currencies, and they usually bear interest at the current rate found in the foreign country where the loan is made. This program is administered by the Overseas Private Investment Corporation (OPIC).

Local Currency (LC) Sale. A P.L. 480 sale in which payment is made to the United States in the recipient country's currency at the time of delivery. No agreements for this type of sale have been signed since December 31, 1971.

National Advisory Council on International Monetary and Financial Policies (NAC). An interdepartmental committee established by executive order, and whose members ar representatives of the Department of Treasury, State, and Commerce, the agencies for International Development Cooperation and International Development (IDCA/AID), the Special Trade Representative (STR), the Federal Reserve System, and the Export-Import Bank. Among other functions, it coordinates the policies of all Government agencies to the extent that they make foreign loans or engage in foreign monetary transactions. In this capacity it reviews proposed P.L. 480 sales agreements.

Negotiating Instructions. Instructions drafted by USDA, cleared with interested U.S. agencies, and transmitted by AID to the appropriate U.S. Embassy. They guide the Ambassador, or his/her designees, in negotiating a particular P.L. 480 sales agreement.

Ocean Freight Differential (OFD). The amount by which the cost of the ocean freight bill for the portion of commodities required to be carried on U.S. flag vessels exceeds the cost of carrying the same amount on foreign flag vessels. This amount is paid by the CCC.

Private Trade Agreement (PTA). A P.L. 480 sales agreement negotiated between the U.S. Government and a private trade entity (PTE), either U.S. or foreign. The agreement provides that the PTE will import certain commodities into a particular country and execute projects in that country which will improve the storage or marketing of agricultural commodities or will expand private economic enterprise. Financing of such agreements, none of which have been signed in recent years, is restricted to dollar credit.

Purchase Authorization (PA). A document issued by USDA after a P.L. 480 sales agreement has been signed. It authorizes the importing government, through its importers or agents, to procure certain P.L. 480 commodities from U.S. sources. The PA specifies the grade and type, approximate quantity, and maximum value of the commodities. It also states the time-span for their purchase and delivery, the method of their financing, and certain other provisions and limitations. An individual PA can be issued for the total value of one of the commodities in an agreement or for part of the commodity total. Procurement of ocean transportation to be financed by the CCC may also be authorized in the commodity PA or in a separate ocean transportation PA.

Self-Help Provisions. The provisions contained in each P.L. 480 agreement which describe the steps of a program the recipient country is undertaking—or agrees to undertake—to improve the production, storage, and distribution of its agricultural commodities.

75/25 Ratio. A minimum of 75 percent of the commodities allocated under title I in any fiscal year must go to countries which meet the minimum per capita GNP level for lending, established by the International Development Association of the International Bank for Reconstruction and Development ($796 at the start of FY 1983), and which are also unable to secure sufficient food through their own production or commercial imports. This requirement may be waived if it is determined that 75 percent of the food aid cannot be used effectively to carry out the purposes of title I.

Third-Country Consultations. The U.S. Government notifies other countries which either normally export commerically to a proposed P.L. 480 recipient country or have available for export the same or similar commodities as those being considered for inclusion in a proposed P.L. 480 sales agreement. The purpose of the consultation is to permit the exporting countries to comment on the commodity impact of the proposed sales agreement.

U.S.-Use Currrencies. Foreign currencies accrued from previous local currency sales agreements and owned by the U.S. Government. These currencies are available to pay for official obligations and for other purposes.

Usual Marketing Requirements (UMR). The amount of a commodity which a P.L. 480 sales agreement requires the recipient country to import on a commercial basis. This amount is normally based on the country's most recent 5-year average of commercial imports of the commodity from countries friendly to the United States.

References

This publication represents a revision of information contained in three earlier publications. Persons seeking more detailed information about former provisions of the Act, such as local currency sales agreements, might find it useful to consult a depository library copy of one of the earlier publications listed below. No copies are available from USDA.

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